

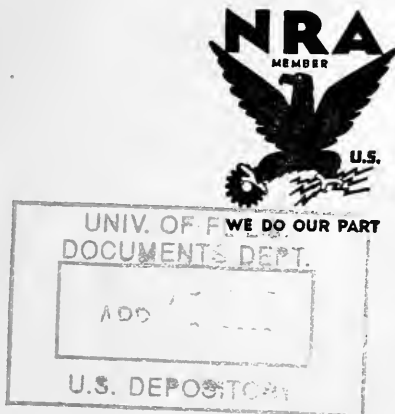
NATIONAL RECOVERY ADMINISTRATION

PROPOSED CODE OF FAIR COMPETITION

FOR THE

SHEET STEEL FARM EQUIPMENT
MANUFACTURING INDUSTRY

AS SUBMITTED ON AUGUST 31, 1933



The Code for the Sheet Steel Farm Equipment Manufacturing Industry in its present form merely reflects the proposal of the above-mentioned industry, and *none of the provisions contained therein are to be regarded as having received the approval of the National Recovery Administration as applying to this industry*

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1933

SUBMITTED BY
SHEET STEEL FARM EQUIPMENT ASSOCIATION
(II)

CODE OF ETHICS AND PRACTICES FOR THE SHEET STEEL FARM EQUIPMENT ASSOCIATION, AN AFFILIATED ORGANIZATION OF THE NATIONAL COUNCIL LIVE STOCK EQUIPMENT ASSOCIATIONS

ADOPTED AT CHICAGO, AUGUST 16, 1933

PREAMBLE

The Sheet Steel Farm Equipment Association, a national trade association for this industry representing in its membership more than 75 percent of the production of sheet steel farm equipment in the United States, by action taken at a meeting in the City of Chicago, on the twenty-sixth day of July 1933 does hereby subscribe to the policy, provisions, rules, and regulations of the National Industrial Recovery Act.

The Sheet Steel Farm Equipment Association, by a majority vote at this meeting, decided to come under the provisions of this act which permit the voluntary adoption of a Code of Fair Competition and Practices and authorized the creation of an Executive Committee of five members to draft a code and present it to the Government for Presidential approval.

CONDITION OF THE INDUSTRY

The products of this industry are sold principally to the farmer, largely through dealers. Due to the limited buying power of the farmer, this industry has been in an abnormally depressed condition for the past several years. With the rapidly decreasing consumption of the products of this industry, competitive conditions have become extremely destructive, resulting in severe loss of wages for the worker, and in the destruction of the capital values and cash reserved for the producer.

WHAT CONSTITUTES SHEET STEEL FARM EQUIPMENT

Sheet steel farm equipment, as used in this Code, includes the following items: Stock watering tanks, storage or cistern tanks, water-wagon tanks, grain tanks or bins, hog troughs or feeders, well casing, tank heaters, feed cookers, dip tanks, and other kindred products.

ORGANIZATION

This Association is composed of manufacturers of galvanized steel or iron farm equipment, many of whom have formerly been allied with one of several steel tank associations, a large part of whose activities consist of the manufacture of welded steel heavy gauge

tanks used for oil and gasoline storage and other similar purposes. Inasmuch as the interests of this particular group are closely allied with the Live Stock Industry this Association was formed and is herewith affiliated with the National Council Live Stock Equipment Associations.

ASSOCIATION OFFICERS

Temporary officers of the Sheet Steel Farm Equipment Associations elected at a meeting of the Association in the city of Chicago on August 16, 1933, are as follows: President, E. P. Kreimendahl, Celina Mfg. Co., Celina, Ohio; Vice President, A. J. Klein, Klein Mfg. Co., Burlington, Ia.; Secretary-Treasurer, W. A. Zaloudek, Oakes Mfg. Co., Tipton, Ind.; Executive Secretary, H. L. Ashworth, 125 East Wells St., Milwaukee, Wis.

EXECUTIVE COMMITTEE

The Executive Committee consists of the following: E. P. Kreimendahl (Chairman), Celina Mfg. Co., Celina, Ohio; A. J. Klein, Klein Mfg. Co., Burlington, Ia.; W. A. Zaloudek, Oakes Mfg. Co., Tipton, Ind.; C. S. Riggan, Jas. H. Watson Co., Inc., Bradley, Ill.; L. C. Harding, The Butler Co., Butler, Ind.

MEMBERSHIP OF ASSOCIATION

The membership of the Sheet Steel Farm Equipment Association, representing — percent of the production of sheet steel farm equipment in the United States, includes the following companies.

Manufacturers of sheet steel farm equipment, representing the balance of the production of sheet steel farm equipment in the United States, which have been invited to become members of this Association but have not yet affiliated as members include the following companies.

So far as can be determined by this Association the above lists of members and nonmembers include all of the factors engaged in this industry.

The Sheet Steel Farm Equipment Association, in behalf of this industry, does hereby submit and ask for approval of the following Code of Ethics and Practices.

THE CODE

ARTICLE I—PURPOSE

This Code is set up for the purpose of increasing employment, maintaining fair and adequate wages, and eliminating unfair trade practices, to the end of rehabilitating the sheet steel farm equipment industry in all its phases and enabling it to do its part toward establishing that balance of industries which is necessary to the restoration and maintenance of the highest practical degree of public welfare.

It is the declared purpose of the sheet steel farm equipment industry and adherents to this Code to restore the income of enterprises within the industry to levels which will make possible the payment of fair wages and avoid the further depletion and destruction of capital assets.

ARTICLE II—PARTICIPATION

Participation in this Code, and any subsequent revision of or addition to the Code, shall be extended to any person, partnership, or corporation in the sheet steel farm equipment industry who accepts his share of the cost and responsibility, as well as the benefits, of such participation by becoming a member of the sheet steel farm equipment association.

No initiation or entrance fee shall be charged for membership in the Sheet Steel Farm Equipment Association, but there shall be levied against all members of the association annual dues in the amount of \$25.00. Additional dues needed to finance the activities of the association in carrying out and enforcing the Code of the industry shall be levied against each member in proportion to the volume of its sales of the items covered by this Code.

ARTICLE III—GENERAL

(1) No provision of this Code shall be interpreted or applied in such a manner as to (a) Promote monopolies; (b) Permit or encourage unfair competition; (c) Eliminate or oppress, or discriminate against small enterprises in the sheet steel farm equipment industry.

(2) This Code or any of its provisions may be cancelled or modified or any approved rule issued thereunder shall be ineffective to the extent necessary to conform to any action by the President of the United States under section 10 (b) of the National Industrial Recovery Act.

(3) Amendments to this Code may be proposed to the Executive Secretary by any member or members of the Sheet Steel Farm Equipment Association, or may be initiated by the Executive Com-

mittee and may be adopted by the affirmative vote of a two-thirds majority of the members of the association, and when approved by the President of the United States shall be effective. Any amendments proposed shall be submitted in writing to all members of the association not less than two weeks before coming before the association for action.

(4) The Chairman and the Executive Secretary of the association, subject to the approval of the Executive Committee, shall represent the Sheet Steel Farm Equipment Association and the Sheet Steel Farm equipment industry in all contacts with the Administrator of the National Industrial Recovery Act, or his agents, except if a member of the association shall feel aggrieved on account of the provisions of this Code or of an amendment thereto or rule or regulation made pursuant thereto such member shall have the right directly to present his position to the President of the United States or his duly authorized agent.

(5) The provisions, rules, regulations, and restrictions as set forth in this Code, when approved by the President of the United States, shall become binding upon all producers of sheet steel farm equipment within ten days after final approval.

(6) *Rights of Workers.*—(a) Employees in the sheet steel farm equipment industry shall have the right to organize and bargain collectively through representatives of their own choosing, and shall be free from the interference, restraint, or coercion of employers of labor, or their agents, in the designation of such representatives or in self-organizations, or in other concerted activities for the purpose of collective bargaining or other mutual aid or protection, as provided for in Section 7 of the National Industrial Recovery Act.

(b) No employee in the sheet steel farm equipment industry, and no one seeking employment therein, shall be required as a condition of employment to join any company union, or to refrain from joining a labor organization of his own choosing, as provided for in section 7 of the National Industrial Recovery Act.

(c) Employers of labor in the sheet steel farm equipment industry agree to comply with the maximum hours of labor, minimum rates of pay, and other working conditions approved or prescribed by the President of the United States.

(d) It is clearly understood that the foregoing paragraphs do not impair in any particular the constitutional rights of the employee and employer to bargain individually or collectively as may be mutually satisfactory to them; nor do they impair the joint right of employer and employes to operate an open shop.

(e) Nothing in this Code is to prevent the selection, retention, and advancement of employees on the basis of their individual merit, without regard to their affiliation or nonaffiliation with any labor organization.

(f) It is expressly stipulated that neither any provision of this Code nor the fact or manner of its preparation, presentation, adoption, or filing shall be construed as constituting a waiver of any constitutional right which the several members of the Sheet Steel Farm Equipment Association or industry might otherwise have and enjoy. Any such provision which may limit or abrogate any constitutional right is inserted under the unavoidable requirements of the National Industrial Recovery Act as the same is understood by

said members and not voluntarily nor with their approval as a contractual relinquishment of such right.

ARTICLE IV—ADMINISTRATION

Enforcement.—The administration officer of this Code shall be the Executive Secretary of the Sheet Steel Farm Equipment Association. He shall be required to submit and to explain the provisions, purposes, and aims of the Code to all producers of sheet steel farm equipment, including members and nonmembers of the Sheet Steel Farm Equipment Association.

Any producer of sheet steel farm equipment injured by the violation of this Code shall file with the Executive Secretary a written complaint setting forth the facts in the matter and requesting such relief as may be just.

The Executive Secretary of the Sheet Steel Farm Equipment Association is authorized and directed to enforce vigorously, equitably, and without exception a system of discipline for violators of this Code or any of its rules, regulations, or provisions as follows:

A fine against violators, in cases where the violation involves a sale of sheet steel farm equipment, of an amount not to exceed fifty percent of the established price of the equipment sold.

A fine against violators, where the sale of equipment may not be involved, of an amount not to exceed five hundred dollars (\$500).

The Executive Secretary may use his discretion, as circumstances warrant, in substituting an arbitrary fine for the percentage of sale plan.

Violation of any or all rules of the Code may be considered a separate offense for each and every day such rules are violated.

If found necessary to the welfare of the industry or in support of the proper administration of this Code, the Executive Secretary may give full publicity to the facts regarding any violation by any person of any rule or regulation of this Code, and the hearing and determination thereon, without any liability for libel arising therefrom.

Any fines assessed and collected shall be turned into the Association Treasury. Such money shall be available for awarding financial damages to member injured by violations. Fines collected and not so used shall be applied to the Association's operating budget.

Any member of the Sheet Steel Farm Equipment Association or any producer of sheet steel farm equipment who is not a member of the association shall have the right to appeal from the ruling or decision of the Executive Secretary, and such appeal shall be heard by a representative Arbitration Committee of at least three persons, such committee to be appointed by the Executive Committee of the Sheet Steel Farm Equipment Association from the organizations of different members of the industry. Under this provision a separate Arbitration Committee shall be named to handle each appeal, and the membership of such committee shall be truly representative for the purpose of insuring the parties a fair hearing, but shall not include any members of the industry connected with or in any way involved in the dispute in question.

The decision of such Arbitration Committees may be appealed by either party to the association as a whole and the decision of the

association shall be final and binding. If such association decision is not accepted and complied with by the complainant or defendant, the case shall be turned over to the Executive Committee of the industry for submission to the Administrator of the National Industrial Recovery Act.

Statistics and Reports.—The Executive Secretary shall have the power and authority to require from each manufacturer of sheet-steel farm equipment from time to time such wage and labor reports, information, and records as shall be necessary to the adequate administration and enforcement of the provisions of this Code.

The Executive Secretary shall have the right at all times to examine all records of every producer of sheet-steel farm equipment whenever such inspection is necessary for the adequate administration and enforcement of the provisions of this Code. It is definitely agreed that any such information obtained by such inspection shall be of a strictly confidential nature, except insofar as disclosure of the facts so obtained may be necessary to the just administration of this Code.

ARTICLE V—HOURS OF LABOR

We agree that on and after the effective date hereof employers in the sheet-steel tank industry shall not operate on a schedule of hours of labor for their employees, excepting executives and their assistants and salesmen, in excess of forty (40) hours per week, averaged over a six months' period.

(a) However, there shall be no restrictions on the number of hours which may be worked during any one day or during any one week, provided the average of forty (40) hours per week over a six months' period is not exceeded.

(b) The above, however, is not to apply to hours of labor for repair-shop crews, engineers, electricians, firemen, office, sales, and supervisory staff, shipping, watching, and outside crews.

ARTICLE VI—WAGES

We agree that on and after the effective date hereof the minimum wage which shall be paid by employers in the sheet-steel tank industry to any of their employees shall be as follows: Adult male labor, 30¢ per hour; female and minor labor, 25¢ per hour.

(a) It is understood that learners shall be exempted from provisions of this section for a period of twelve weeks from the date of their employment.

(b) It is further understood that each manufacturer shall have the privilege of exempting from the provisions of this section a certain number of so-called "pensioner" employees; namely, employees who by reason of age or physical disability are not capable of performing a full day's work but whom it is desired to retain because of their long connection with the business. Such employees shall be reported separately in the making of necessary current labor reports to the Administrator.

We further agree that the above rates may be revised from time to time in such manner as will currently reflect on equitable adjustments to variations in the cost of living; such adjustments to be subject to the approval of the President of the United States. We further agree not to employ any minor under the age of 16 years.

ARTICLE VII—SELLING PRICES

It shall be an unfair method of competition for any producer of sheet-steel farm equipment to sell his product below his own cost, plus a reasonable profit.

Cost to be interpreted as follows:

- (a) Current price of all materials used, including freight.
- (b) Cost of all direct labor, including laying out, fabricating, assembling, riveting, soldering, welding, finishing, testing, etc.;
- (c) Fixed expense or overhead covers items including salaries of the Administrative and Executive Officers (which must be figured commensurate with services performed), clerical help, shipping, credit expense, shop superintendents and maintenance, normal advertising, and sales expense. All discounts and commission, reasonable depreciation on plant and equipment, obsolescence, and any and all general costs and charges whether specifically enumerated or not.

ARTICLE VIII—TRADE PRACTICE RULES

These trade practice rules as set forth in Group I for the Sheet Steel Farm Equipment Association are identical with the trade practice rules adopted by the Barn Equipment Industry and which were approved by the Federal Trade Commission on July 11, 1929, and amended on September 19, 1930.

GROUP I

RULE 1. *Interference with contract.*—The wilful interference by any person, firm, corporation, or association, by any means or device whatever, with any existing contract or order between a seller and purchaser of any product handled by the industry, or the performance of any contractual duty or service connected therewith, such interference being for the purpose or with the effect of dissipating, destroying, or appropriating in whole or in part the patronage, property, or business of another engaged in such industry, is unfair trade practice.

RULE 2. *Misrepresentation.*—The sale or offering for sale of any product of the industry with intent to deceive customers or prospective customers as to the quantity, quality, substance, or size of such product is unfair trade practice.

RULE 3. *Rebates.*—The payment or allowance of secret rebates, refunds, credits, or unearned discounts, whether in the form of money or otherwise, or the giving of premiums, or extending to certain purchasers, public institutions not excepted, special prices, terms, services, or privileges not extended to all purchasers under like terms and conditions, is an unfair trade practice.

RULE 4. *Price discrimination.*—Any discrimination in price between purchasers of the same class, excepting discrimination in price on account of the difference in grade or quality of the product sold, is unfair trade practice.

RULE 5. *Defamation of character.*—The defamation of a competitor by words or acts which call in question his business integrity, his ability to perform his contracts, his credit standing, or misrepresenta-

tion of the grade, quality, or reliability of his goods is condemned as unfair trade practice.

RULE 6. *Excess allowances.*—The allowance of transportation or trucking charges in excess of the actual or published amount of such charges on products is an unfair trade practice.

RULE 7. *Soliciting employes.*—The solicitation of the services of salesmen or other employes of other members of the industry without notice to the employer involved is an unfair trade practice.

GROUP II

RULE 1. *Price Lists.*—It shall be required that all members use uniform list prices on all classes of galvanized tanks and for such other products for which uniform list prices have been adopted.

Any deviation from the following: A fair and equitable classification of customers shall be made by all manufacturers in this industry. There shall not be more than three classifications as follows: (a) jobber, (b) National Distributors, (c) retail dealers. Manufacturers in this association shall circulate to each classification that they regularly sell their price list for various sizes, grades, and quantities of their products, stating clearly in said published sheets or catalogues such information as is necessary to correctly and accurately describe all products offered for sale and shall also publish credit terms, cash discount, freight, or other transportation charge allowances and that such published price sheets shall truly represent the sales prices, terms, and conditions without any deviation whatsoever therefrom. Price sheets before becoming effective shall be filed with the Executive Secretary, as a matter of information, who shall inform all members of the Sheet Steel Farm Equipment Association of all conditions contained in the price sheets so filed.

Any violation of this plan by any producer of sheet steel farm equipment is unfair competition.

RULE 2. *Dealers.*—Definition: The term dealer for the purposes of this Code shall be defined as one operating a place of business, carrying a stock of goods, selling at retail and for the purposes of this Code shall be further limited to those dealers who handle lines kindred to Sheet Steel Farm Equipment, as, for instance, farm implements and hardware, lumber, water-supply materials or service; also general stores carrying hardware; and shall exclude retail dealers handling lines entirely foreign to the Sheet Steel Farm Equipment industry who have not in the past handled Sheet Steel Farm Equipment as a line.

Nothing herein shall prevent a producer of Sheet Steel Farm Equipment from continuing to sell at regular dealer's discount to a retail distributor who conducts a place of business and carries a stock of goods but who does not qualify under the strict interpretation of the foregoing definition, if at any time within five years last past he has been an active dealer customer on the books of such producer.

RULE 3. *Jobbers.*—Definition of Jobber: The industry hereby records its approval of the definition of a qualified manufacturer or wholesale distributor to be one whose principal business is selling to the retail distributor, carries a well selected stock of merchandise, buys in suitable quantities, warehouses a reserve stock for retailers

within a radius of economical distribution and convenience of service, resells in proper units to the retailer as economically as possible, assumes the credit risk, and such other obligations as are incident to the transportation, warehousing, and distribution of the products of the industry.

Discount.—It shall be unfair competition for any producer of sheet-steel farm equipment to allow a discount to a jobber of sheet-steel farm equipment greater than 20% for stock shipment or 17½% for direct shipment from dealer price list. It shall also be unfair competition for any producer of sheet-steel farm equipment to allow a discount greater than 20% for stock shipment or 17½% for direct shipment from dealer price list to any national distributor. Any other purchasers shall be classed as consumers and shall not be sold at less than 25% above dealer price plus freight.

RULE 4. It shall be unfair trade practice for any manufacturer to consign stocks with dealers or jobbers.

RULE 5. It shall be unfair trade practice for any manufacturer to sell or offer for sale any merchandise carrying a private brand or without brand at lower prices than same quality of goods under regular or other brands.

RULE 6. Terms.—Terms of payment on all invoices covering sales to jobbers and dealers shall be not to exceed 1% discount to jobbers and 2% to dealers from net amount for payment on or before 10th proximo or 30 days net. No cash discount allowed on transportation charges. On future orders taken for shipment at the manufacturer's convenience during the months of October, November, December, January, and February, a dating not to exceed 60 days beyond the first of the following month after shipment is made may be given, but in no case shall any dating be made extending later than April 1st, 2% April 10, 30 days net.

RULE 7. Freight allowance.—All prices to the dealer and to the jobber on direct shipments to customer will be F.O.B. factory, provided, however, any manufacturer shall have the right to equalize and/or absorb freight charges on nested tanks with any competitive point where other manufacturers or jobbers in competition may have factories or regular distributing warehouses. No freight equalization will be made on any tanks shipped singly. The Executive Secretary shall prepare a list of these competitive points which shall be circulated to the industry and no addition shall be made to the list without being passed upon by the directors. On shipments to jobbers' stock, carload rate of freight will be allowed.

RULE 8. Uniform guarantee.—Members of the Sheet Steel Farm Equipment Association may give to customers thereof a uniform guarantee or warranty as follows: "We guarantee this merchandise to be free from defective workmanship or material for a period of one year from sale thereof and agree to replace and repair at our option without charge, any merchandise sold under this arrangement within the time limits prescribed herewith F.O.B. factory and without allowance for repair and other liability therein."

RULE 9. It shall be an unfair trade practice for any manufacturer to make payment of or allowances for specific advertising expense in behalf of purchasers that would in any way have the effect of representing a concession beyond the regular published price.



RULE 10. It shall be an unfair trade practice for any manufacturer to sell or offer to sell any products of the industry, excepting hog troughs and feeding pans, made from material procured from any sources of supply that is designated by the manufacturer or seller as "seconds" or other than prime or first grade material in competition with products made of prime or first grade material—provided that should any manufacturer use "seconds" or materials other than prime or first grade in the manufacture of his products, excepting hog troughs and feeding pans, then all such products shall be clearly and conspicuously stenciled "made of seconds" and sold and invoiced as such to his customer. All such products shall not carry any form of guarantee as to service or length of life.

RULE 11. Any steel mill which fabricates articles of merchandise designated under this Code shall be subject to this Code in every particular, and it shall be unfair competition for such mill to figure in the cost of such articles of merchandise any materials of their own manufacture at other than the published resale prices of such materials when sold in carload lots.

PRODUCTION RESTRICTION

We agree that, because existing productive capacity far exceeds the normal demand, not to increase our productive capacity for a period of 12 months from the effective date of this Code, excepting as it may be normally increased through the substitution of new for existing equipment, or through more efficient methods of manufacture.

In view of the foregoing agreement we specifically ask that the Administrator establish a rule which will make it necessary for any concern desiring to undertake the manufacture of sheet steel farm equipment to show a necessity for such increase in productive capacity, or that the product he intends to manufacture will better serve the public interest than the sheet-steel equipment now available.

NEW RULES

In submitting above trade practice rules for approval, the Sheet Steel Farm Equipment Association desires to be given the privilege of offering for approval in the future such additional rules as experience may prove desirable, or to amend or withdraw old rules which prove unworkable.

Respectfully submitted for the Sheet Steel Farm Equipment Industry.

_____, *Chairman,*

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Executive Secretary,

Executive Committee of Sheet Steel Farm Equipment Association.

Dated at _____, day of _____, 1933.